



2016 ANNUAL REPORT

AUDITOR OF PUBLIC ACCOUNTS

Auditor of Public Accounts
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The Honorable Terence R. McAuliffe
Governor of Virginia

The Honorable Robert D. Orrock, Sr.
Chairman, Joint Legislative Audit
and Review Commission

I am pleased to submit the **2016 Annual Report of the Auditor of Public Accounts**, which primarily covers audits we completed from July 1, 2015, through June 30, 2016. Through the audits we perform and the other activities in which our staff engage, we strive to provide unbiased, accurate information and sound recommendations to improve accountability and financial management of public funds. This Annual Report provides you with an overview of some of the more significant activities and results of audits from the past year. All of our reports are available on our agency website at www.apa.virginia.gov. In addition, Commonwealth Data Point and guidance for local governments and their auditors can be accessed on our website.

I want to thank my staff for their hard work and dedication. They are key to the Office accomplishing its work plan. For the third consecutive year, the Richmond Times-Dispatch recognized the Office as one of Richmond's Top Workplaces due in no small part to the working environment espoused by my management team and staff.

AUDITOR OF PUBLIC ACCOUNTS

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OUR AUDIT ACTIVITIES

The Auditor of Public Accounts (the Office) performs a variety of audits each year including financial, federal, and performance. We spend the majority of our time performing audits mandated by the Code of Virginia, federal regulations, and bond or accreditation requirements. Their results are used by various entities to evaluate the Commonwealth's fiscal management. To the extent our resources allow, we also perform special projects and other agency reviews covering a wide array of topics.

During 2016, our organization of 122 auditors and support staff:

- Issued twelve special reports;
- Issued 89 reports for audits of state agencies and institutions, issuing findings for 42;
- Reviewed 221 General, Juvenile and Domestic Relations, and Combined District Courts, issuing findings for 26;
- Reviewed 78 Circuit Courts, issuing findings for 29;
- Reviewed 150 General Receivers and Magistrates, issuing findings for ten; and
- Reviewed Constitutional Officers at 139 localities, issuing findings for seven.

Our reports on these audits and other reviews include recommendations for improving internal controls and addressing non-compliance with state and federal regulations and provide information from Commonwealth, Secretarial, and Agency perspectives. Our special project topics in 2016 included financial operations and governance of the Bristol Virginia Utilities Authority, information system security, information system development and governance, capital project cash flow requirements, and mobile device management and use.

The following section features the results of some of these audits completed during fiscal year 2016. [Appendix B](#) contains a complete list of all audits we issued during the fiscal year.

REPORTING ON MANDATORY AUDITS

Most of our mandated audits are financial statement audits, including the audits of the Commonwealth's Comprehensive Annual Financial Report (CAFR), Higher Education Institutions, and the Virginia Retirement System. Our mandated audits also include the Single Audit of federal funds expended by the Commonwealth. We summarize our observations and findings for the more significant mandatory audits completed this year below.

CAFR and Single Audit

The Commonwealth's CAFR is an audit of the statewide financial statements used by bond rating agencies and others to assess the fiscal health of the Commonwealth. The Code of Virginia mandates the completion of the audit by December 15 each year. This past year, as a part of the CAFR audit, we performed testwork over the financial activity at over 25 different agencies and universities, obtaining coverage over \$55 billion in revenues and \$53 billion in expenses for the Commonwealth and its components. Through this work, we also gained coverage over \$39 billion in government assets, consisting primarily of capital assets and cash and investments; \$74 billion in pension and other employee benefit trust fund assets; as well as \$17 billion in government liabilities.

During our audits of the CAFR material agencies, we also perform work to support the Commonwealth's Single Audit of federal funds. The Single Audit report serves to communicate not only findings related to federal compliance testing for these and other agencies, but also internal control and compliance matters related to the CAFR audit. As a result, we complete this work in time

The Single Audit report serves to communicate not only findings related to federal compliance testing for these and other agencies, but also internal control and compliance matters related to the CAFR audit.

to issue the Single Audit report within 60 days of the conclusion of the CAFR audit, which is approximately 45 days ahead of the federally mandated deadline.

The federal compliance testing we perform for the Single Audit is done to fulfill the audit requirement to which the Commonwealth commits when it accepts federal funds. All state entities (agencies, authorities, boards, and commissions, etc.) that are part of the Commonwealth are subject to audit under the Single Audit. For fiscal year 2015, we evaluated \$13 billion in federal expenses for testing. To complete the Single audit, we audited 20 federal programs administered by the Commonwealth. Our testing for the CAFR and Single Audit resulted in 110 findings and recommendations, 81 related to internal controls over the Commonwealth's CAFR, 13 related to federal compliance, and 16 related both to internal controls over the Commonwealth's CAFR and federal compliance. Additionally, we performed follow-up testing on 115 findings issued in prior years to ensure management resolved the issue or was taking appropriate corrective action. At the time the 2015 Single Audit was compiled, management had completed corrective action on 55 percent of their prior findings.

The auditing standards we follow require us to evaluate the severity of each internal control finding and classify them as a significant deficiency or material weakness, with material weakness being the most critical classification. We classify findings as a material weakness when there is a reasonable possibility that a material misstatement of the entity’s financial information will not be prevented or detected and corrected on a timely basis due to a deficiency in internal control.

For fiscal year 2015, we identified four issues related to internal controls over the Commonwealth’s CAFR that we consider to be material, two of which were also considered material related to federal compliance. We also identified one additional material weakness related to federal compliance. The table below provides additional information related to the material weaknesses we identified during fiscal year 2015, including the applicable agency, whether the material weakness was related to the CAFR, Federal Compliance, or both, and a description of the nature of the material weakness.

Material Weaknesses for Fiscal Year 2015

Table 1

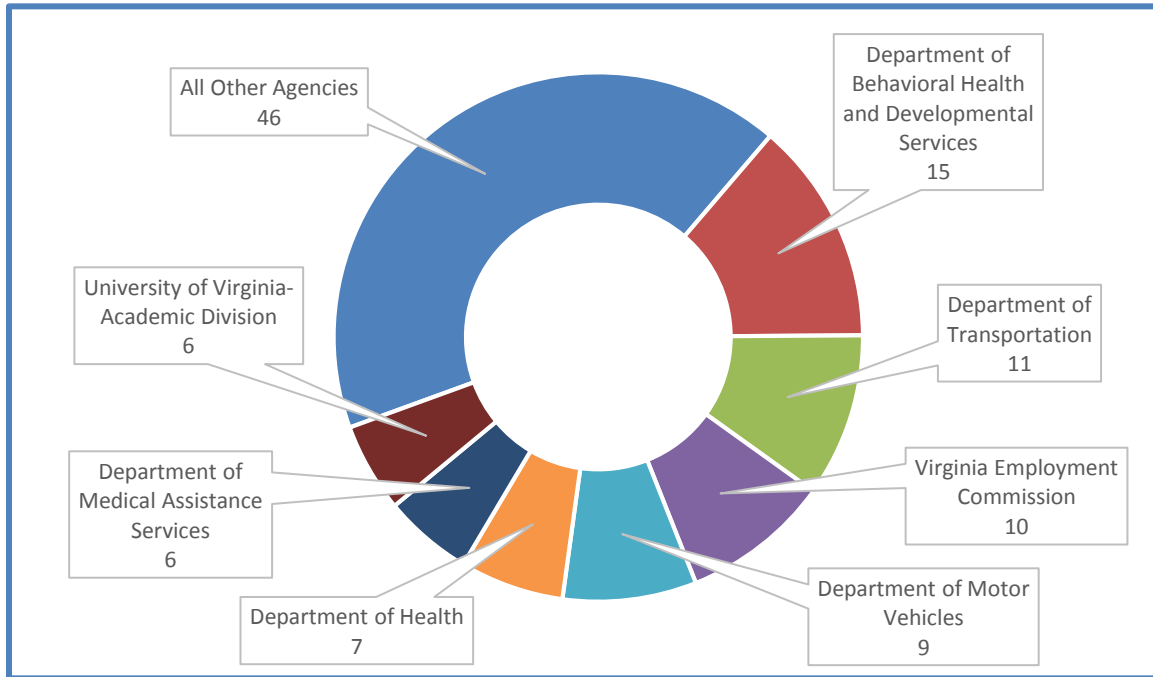
Agency	CAFR	Federal Compliance	Description
Department of General Services	✓		Lease Reporting
Virginia Department of Transportation	✓		Financial Reporting
Virginia Employment Commission	✓	✓	Database Security
Virginia Employment Commission	✓	✓	Resource Allocation to Reduce IT Security Risk
Virginia Employment Commission		✓	Timesheet Approvals

The following tables summarize the nature and number of findings reported in the Statewide Single Audit for fiscal years 2013 through 2015. Overall, the number of findings issued for fiscal year 2015 increased slightly from fiscal year 2014. There was an increase in CAFR related findings primarily in the area of systems control, which was offset by a decrease in the number of Federal Compliance findings.

As shown in the chart below, seven entities account for approximately 58 percent of the total findings. The number of findings for these entities ranges from six to 15. In the prior year, these same agencies accounted for 60 percent of the total findings.

Number of Findings for Select Entities

Chart 1



New Federal Grant Requirements

For the 2016 Single Audit currently under way, we are required to perform follow-up procedures on all 110 audit findings from 2015; however, the number of repeat findings may decrease in the future. After 31 years of following OMB Circular A-133 to implement the requirements of the Single Audit Act, the Commonwealth, starting with fiscal year 2016, will follow the audit requirements contained within Uniform Guidance. The technical name for Uniform Guidance is Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The new audit requirements made it necessary for us to modify the approach we use for selecting which programs we will audit as major each year. We are no longer allowed to use our judgement to deem a large federal program inherently risky in the Commonwealth. All other things being equal, due to technical changes, Uniform Guidance will decrease the number of audit findings and repeat findings we report for major programs.

Additionally, Uniform Guidance will require the Commonwealth to provide more details about prior audit findings. Users of the Single Audit report will be able to use the new information to learn why management has not corrected the issue, the actions they have taken, if any, and their future plans for correcting the issue. This new information will first appear in the 2016 Single Audit report in the section entitled Summary Schedule of Prior Audit Findings.

Higher Education Institution Audits

During the past year, we completed 16 financial statement audits related to the Commonwealth's higher education institutions, including the Virginia Community College System and its 23 community colleges. Five of these audits were for fiscal year 2014 and the remaining 11 were for fiscal year 2015. While we issued unqualified opinions on the financial statements of each of these institutions, we included internal control and compliance recommendations in 13 of the audit reports. Those recommendations addressed a variety of issues as summarized in the following table.

Higher Education Institution Audit Findings

Table 4

Control and/or Compliance Area	Number of Institutions with Findings
Federal Programs and Research	31
Information System Security	17
Employee Termination Procedures	8
System Access	7
myVRS Navigator Reconciliation Process	6
Payroll and Human Resources	4
Miscellaneous Remaining Areas	18

We also performed a reaccreditation review at one community college and additional procedures at 11 higher education institutions over their National Collegiate Athletics' Association activities.

Virginia Retirement System

In addition, to performing the annual audit of the Virginia Retirement System's (System's) financial statements, as a result of the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, which covers accounting and reporting of pension activity by employers, we have included over three thousand additional hours in our annual work plan to audit the requirements of the new standards. This includes additional hours for the System audit and the individual agency and higher education institution audits.

Our annual work plan has increased by over three thousand hours as a result of new pension standards. We anticipate additional increases with the pending implementation of similar standards related to other post-employment benefits.

At the System, we have expanded our annual work to include a review of various schedules prepared by the System's actuary for use by the Commonwealth's agencies and higher education institutions as well as its localities. We also have to perform additional testing of census data maintained by the System. In addition, at the individual agency and higher education institution audits, we now have to perform audit work surrounding the census data they provide to the System and, where applicable, ensure they appropriately reported the activity in their individual financial

statements. Further, we have expanded our guidance and reporting requirements related to local government audits. See the [Supporting Local Government](#) Section of this report for more information on our efforts with regard to the Commonwealth's localities.

Annually the Virginia Retirement System provides the actuarial valuation reports, schedules of the applicable pension amounts, footnote disclosure information, and other financial reporting guidance to the participating state and local government employers for their financial statements to enable them to comply with GASB Statement No. 68. Likewise, once our work is complete, our Office publishes the reports that included our audit opinions over the plan schedules and applicable pension amounts for the state employee, teachers, and political subdivision retirement plans. All of this information is available on the [New Pension Standards](#) section of our website.

Pending Standards for Postemployment Benefits Other Than Pensions

Similar to the new standards addressing accounting and financial reporting for pension plans and pension activity by employers, GASB has issued new standards for accounting and reporting for postemployment benefits other than pensions. GASB Statement No. 74, which covers accounting and reporting by postemployment benefit plans other than pension plans, is effective for fiscal year 2017, and GASB Statement No. 75, which covers participating employer accounting and reporting of postemployment benefits other than pensions, is effective for fiscal year 2018. The new standards will have a significant impact on the liabilities reported in the financial statements of the Commonwealth and its localities beginning in fiscal year 2018.

The new standards for other postemployment benefits will have a significant impact on the liabilities reported in the financial statements of the Commonwealth and its localities beginning in fiscal year 2018.

The System administers all but one of the Commonwealth's other postemployment benefit plans including Group Life Insurance, the Retiree Health Insurance Credit Program, the Disability Insurance Trust Fund, the Line of Duty Death and Disability Program, and the Virginia Local Disability Program. The remaining program, Pre-Medicare Retiree Healthcare, is administered by the Department of Human Resource Management (Human Resource Management). Some state and local entities also administer their own plans or participate in plans administered by other entities and they will be responsible for ensuring they comply with the new standards related to these plans.

We have been in communication with both the System and Human Resource Management concerning the Commonwealth's implementation of these standards. We anticipate we will be able to utilize most of the work we currently perform over census data on the System, agency, and higher education institution audits related to pensions to support our work over other postemployment benefits. However, these standards will also entail us auditing additional schedules for use by the Commonwealth's agencies and higher education institutions, as well as, its localities. Therefore, we do anticipate that this will result in additional increases to our work plan hours.

PROVIDING INFORMATION TO THE GENERAL ASSEMBLY

Beyond making recommendations for improving internal controls and addressing noncompliance, we look for other opportunities to add value to the Commonwealth. Our reports on the results of audits will often include additional information that we believe will be useful to General Assembly members in the performance of their duties and responsibilities. We present information from Commonwealth, Secretarial, or Agency perspectives depending on the nature of the topic and the type of report being issued.

Identifying Potential Improper Payments

Beginning in fiscal year 2015, we have included a project in our work plan focusing on potential improper benefit payments. Our goal with this project is to review benefit programs at various agencies and determine what controls are in place to prevent improper payments and whether there are any state or federal legislative restrictions limiting agencies from performing analysis to identify improper payments. We also perform data matches to identify potential improper payments by comparing payment records to the Commonwealth's death registry, maintained by the Virginia Department of Health. Depending on our findings, we will either issue a separate report or incorporate the results of our review into the applicable agency report. We conducted our first review over the Unemployment Insurance Program at the Virginia Employment Commission as detailed below.

In fiscal year 2016, we have reviewed the Energy Assistance Program at the Department of Social Services and will be reporting the results of our review in the fiscal year 2016 Secretary of Health and Human Resources report. During fiscal year 2016, we also expanded our review to include a review of payroll data for the Commonwealth and will be reporting the results of this review in the fiscal year 2016 Secretary of Finance report.

Unemployment Insurance Program Review

During our review, we compared the unemployment insurance payment records to the Commonwealth's death registry to identify potential instances of improper payments. Our review encompassed unemployment insurance payments made between July 1, 2011, and June 30, 2014. Of the 454,429 individuals that received an unemployment insurance payment(s) between July 1, 2011, and June 30, 2014, we initially found 51 individuals who appeared to have received an unemployment insurance payment after death.

We identified eight individuals, receiving 57 payments in total, that appear to be instances of potential improper payments to deceased individuals.

However, the Commission explained how only eight of these individuals, receiving 57 payments in total, appear to be instances of potential improper payment(s) to deceased individuals. The Commission indicated that it is currently investigating these instances and establishing overpayments of benefits as appropriate.

As part of our study, we also determined how the Commission identifies improper payments going to deceased individuals. Although the Commission has not implemented continuous monitoring processes, it performs an initial match against Federal and State records to verify an individual's identity when they initially file for unemployment insurance. The Commission does not currently perform additional cross-checks after the initial determination of eligibility. The Commission is currently in the process of exploring options to implement a continuous cross-match against Federal and State records to detect payments going to deceased individuals. We encourage the Commission to continue with its efforts to implement a continuous cross-match. The results of our review are reported in the Audit Summary of the Commission's fiscal year 2015 report. Access the [Full Report](#) on our website.

Focusing on the Importance of Internal Controls

Sound internal control practices are the driving force behind the management of the Commonwealth's resources. Many factors play into an organization's ability to effectively and efficiently design and implement their internal controls to minimize the risk of mismanagement and fraud. Over the course of the past year, several of our audits have highlighted the importance of internal control and what can happen when it is lacking. We discuss a few of those reports here.

Disability Services Agencies

In our audit of the Disability Services Agencies for the period July 1, 2011, through June 30, 2014, we identified nine internal control and compliance findings. We found the Department for Aging and Rehabilitative Services is making progress to improve its information technology governance structure; however, various weaknesses continue to exist. Aging and

Aging and Rehabilitative Services is making progress to improve its information technology governance structure; however, various weaknesses continue to exist.

Rehabilitative Services is not maintaining appropriate oversight over its information security program, does not use some required controls to secure mission critical databases, does not have an adequate risk management process, and does not place the Information Security Officer in an effective organizational unit.

In the area of personnel and payroll, Aging and Rehabilitative Services needs to document its policies, document approval for pay changes, ensure wage employees do not exceed 1,500 hours, remove Commonwealth Integrated Payroll/Personnel System (CIPPS) access promptly, and perform reconciliations between CIPPS and the Commonwealth Accounting and Reporting System (CARS). In relation to the retirement system, Aging and Rehabilitative Services needs to ensure individuals have appropriate access to the *myVRS* Navigator system and needs to properly perform reconciliations over the system. Access the [Full Report](#) on our website.

Department of Game and Inland Fisheries

Our audit of the Department of Game and Inland Fisheries (DGIF) for the year ended June 30, 2015, found that DGIF has continued to make progress in implementing corrective action for findings in previous audit reports. However, there were four findings that DGIF did not completely correct and are repeated in this year's report. DGIF did not properly record and review several financial transactions, did not reconcile and suspend amounts in revenue clearing accounts, did not perform a complete physical inventory of assets within a two-year period, and did not conduct thorough reconciliations between the human resource system and myVRS Navigator. DGIF had three new findings, which included not properly reconciling its internal financial system to the Commonwealth financial system, not having adequate procedures surrounding the recording of construction in progress, and not conducting adequate payroll certification procedures. Access the [Full Report](#) or [Executive Summary](#) on our website.

DGIF has continued to make progress in implementing corrective action for findings in previous audit reports. However, our report includes four repeat findings and three new findings.

Virginia School for the Deaf and the Blind

Our audit of the Virginia School for the Deaf and the Blind (School) for the period July 1, 2012, through June 30, 2015, found the School continues to operate its firewall that protects its instructional and student networks without documented policies and procedures. The School also continues to operate without information technology (IT) risk management and contingency plans and without an information security program. The School procured IT services with a third-party vendor to assist in developing an information security program, but has no timetable, resources, or plan to complete the remainder of its information security program, which will likely require assistance from third-party resources. The School does not have adequate controls over the accounting for Construction in Progress. The School understated buildings recorded in Fixed Asset Accounting and Control System (FAACS) by approximately \$3.6 million and did not properly remove three demolished assets associated with the construction project from FAACS. The School continues to improperly record school revenues by using intra-agency expenditure recoveries instead of recording receipts as revenues to account for \$657,351 in revenues for fiscal year 2014 and \$283,429 in revenues for fiscal year 2015. The School could not support its calculation and does not have documented policies and procedures for reimbursement of the salaries for state employees performing Foundation duties. Access the [Full Report](#) or [Executive Summary](#) on our website.

Department of Veterans Services

During our audit of the Department of Veterans Services (Veterans) for the period July 1, 2012, through December 31, 2014, we found that Veterans plans to stop using the services of the Department of Accounts' Payroll Service Bureau (Bureau). We issued a Comment to Management for the Commissioner to ensure Veterans has the capabilities to develop and implement the functions and controls currently being performed by the Payroll Service Bureau prior to terminating its services.

We recommended the Commissioner ensure Veterans has the capabilities to develop and implement the functions and controls currently being performed by the Payroll Service Bureau prior to terminating its services.

records, controls over the reconciliation of retirement data, and controls over information systems. Access the [Full Report](#) on our website.

Department of General Services

Our audit of the Department of General Services (General Services) for the period July 1, 2012, through June 30, 2015, identified six internal control and compliance findings. General Services should develop policies and procedures governing system access control, which is a repeat recommendation from prior audits. Additionally, General Services should implement procedures for gaining appropriate assurance over all operations of service providers that impact the IT environment and sensitive data. General Services should also work to improve procedures related to required monthly reconciliations including their internal financial system and the Commonwealth's financial system, their internal human resource records and the VRS system, and monthly small purchase charge card transactions. Finally, we identified several recommendations related to information system security, which were communicated to management. Access the [Full Report](#) on our website.

FOCUSING THE SPOTLIGHT

Special Studies are designed to highlight key areas of risk to the Commonwealth as identified by the Office, driven by specific requests of the legislature, or resulting from allegations of impropriety. The following summaries offer examples of such special studies performed during fiscal year 2016.

Review of Bristol Virginia Utilities Authority

The Auditor of Public Accounts performed an audit of the Bristol Virginia Utilities Authority (BVU Authority) as directed by Chapters 74 and 75 of the 2016 Acts of Assembly. We performed our audit from May 2016 through September 2016, issuing our final report in October 2016. While we did not issue the final report until after June 30, 2016, which is beyond the period we primarily cover in this report, we decided to address this review in this year's annual report given it resulted from legislation from the 2016 General Assembly Session and we completed a significant amount of the audit fieldwork prior to June 30th.

The BVU Authority Board and management created the opportunity for fraud to occur by not developing, implementing, and enforcing good internal controls.

Chapters 74 and 75 of the 2016 Acts of Assembly made multiple changes to the Code of Virginia that established the BVU Authority due to an ongoing criminal investigation that began in 2013. This investigation resulted in the conviction and sentencing of nine individuals on multiple felony charges, including, but not limited to, falsified invoices, kickbacks, bribes, tax evasion, false income tax filings, wire fraud, mail fraud, and perjury. The BVU Authority Board and management created the opportunity for fraud to occur by not developing, implementing, and enforcing good internal controls. In addition, since management was involved in the fraud there was collusion and management override of any existing controls. Our report includes 56 recommendations for the BVU Authority to consider as they develop and implement internal controls.

The BVU Authority's OptiNet Division has a potential going concern issue, as it appears that they do not have the resources to continue operating without cross-subsidization, which the Code of Virginia prohibits. The BVU Authority has cross-subsidized services within OptiNet over the years by not properly allocating interest and principle debt payments across OptiNet services, by improperly writing off \$13.7 million of interfund debt between OptiNet and the Electric Division, and by not paying OptiNet's share of pole attachment fees. If the BVU Authority does not sell the OptiNet Division under the current proposal, they will need to either put the division up for sale to another entity or find options, such as legalizing cross-subsidization, to make OptiNet profitable so they can continue to operate it. Access the [Full Report](#) and [Executive Summary](#) on our website.

State of Information Security in the Commonwealth

The Commonwealth's agencies continue to be challenged with keeping their information security programs in compliance with their applicable information security standard and technology-specific industry best practices. The most common cause for non-compliance cited by agencies is the lack of resources to keep up with changing and additional requirements introduced with each security standard update. The number of information security findings issued to agencies in fiscal year 2015 increased to 95 from 51 in fiscal year 2014. Partially, this trend correlates to the additional requirements introduced in the Commonwealth's Information Security Standard, starting in 2013, a lack of agencies' resources to implement those additional information security controls, and an improved risk analysis process used by the APA to establish information security audit scopes. Access the [Full Report](#) on our website.

The number of information security findings issued to agencies in fiscal year 2015 increased to 95 from 51 in fiscal year 2014.

Governance over Enterprise Applications

The focus of this special project is governance over enterprise applications; those being applications used by multiple state agencies in fulfilling their mission. Governance is important because it aligns information technology activities and resources with strategic goals of the Commonwealth and its business objectives. Without a governance structure and framework, agencies that manage the current enterprise applications have autonomous control to decide when to modernize their applications, how to modernize, and what software to use. The Commonwealth could strengthen its governance over enterprise applications by establishing a Deputy Chief of Staff position with responsibility over governance along with a group of legislative representatives and executive branch data stewards to advise the Deputy in establishing a Commonwealth strategic direction over enterprise applications, setting long-term goals, prioritizing their replacement and upgrade, and providing transparency of their choices via a six-year plan. This governance structure would remove silos and biases that agencies currently managing enterprise applications may have about those systems. Access the [Full Report](#) on our website.

Without a governance structure and framework, agencies have autonomous control to decide when to modernize their applications, how to modernize, and what software to use.

Progress Report on Selected System Development Projects

Our Progress Report on Selected System Development Projects reflects our on-going review of \$269 million in Commonwealth information technology system development projects. Our review goal is to detect problems at the earliest possible point and alert decision makers of this information, thereby reducing potential project failures. We highlighted three projects in this report because they are experiencing schedule delays or budget concerns.

Virginia Employment Commission Unemployment Insurance Modernization Project: *This project began in 2009 with a \$58.5 million budget. The most recent phase was implemented three years later than scheduled and the final phase does not yet have an established go-live date. Less than 20 percent of the project budget remains and this may not be enough to cover internal staffing costs or contingencies.*

Department of State Police Central Criminal History Project: *This project began in 2013 with a \$7.4 million budget. The project has incurred a three-month delay due to project team turnover and unplanned changes to the legacy system, which affected available project resources. Employees experienced with the legacy COBOL-based system are nearing retirement and replacement staff are not readily available in the marketplace, making the project high risk.*

Department of Behavioral Health and Developmental Services' (DBHDS) Electronic Health Records Project: *This project began in 2013 with a scope of implementing Electronic Health Records in 14 locations by 2015 at a cost of \$32 million. The original budget was grossly underestimated because it did not consider the cost of on-going system maintenance, and DBHDS received a funding increase to \$39.9 million. Despite this increase, it was only sufficient to implement the system at three locations and the most recent location went live in 2016, a year later than all 14 locations were originally scheduled to be done. DBHDS requested additional funding for the 2017/2018 biennium, but it was denied. They plan to request funding again in future periods.*

Access the [Full Report](#) or [Executive Summary](#) on our website.

Review of eVA and Cardinal Interface Efforts

The focus of this performance audit is on the current efforts to integrate the Cardinal finance module and eVA procurement system in order to provide transparency over the procure-to-pay business process. The current process is expected to cost \$8 million to provide an interface for roughly 11,000 transactions annually, resulting in a cost that outweighs the efficiency benefits it would add. Therefore, we recommend suspending the current interface effort until a business case is made to support the initiative. In addition, we recommend the eVA and Cardinal teams consider alternatives that may allow Cardinal users to obtain the best benefits from both the Enterprise Resource Planning (ERP) system and eVA, which may include allowing procurements to initiate within the ERP in lieu of the 2011 mandate that they begin in eVA. Finally, we also recommend that the teams consider utilizing Cardinal's procurement card module, which may provide transparency over a significant percent of procurement card transactions while also improving controls and creating efficiencies over manual procurement card processes employed today. Access the [Full Report](#) on our website.

We recommend suspending the current interface effort until a business case is made to support the initiative.

Capital Project Cash Flow Requirements

This is the Auditor of Public Accounts second annual report to satisfy the Acts of Assembly Chapter 806 of the 2013 Session requirement to report on the adherence to the cash flow requirements for each project within Chapter 806 and any deviation in necessary project appropriation and allotment, which creates a delay in the progress of the projects. We found that

We found the capital project cash flow requirements process is effective; however, multiple projects experienced delays in obtaining planning funds from the Central Capital Planning Fund because it is not adequately funded.

the capital project cash flow requirements process is effective; however, one Chapter 806 project and multiple Chapter 2 projects experienced some delays in obtaining planning funds from the Central Capital Planning Fund because it is not adequately funded.

The Advisory Committee is meeting quarterly to evaluate capital projects. Planning and Budget, General Services, and Treasury are monitoring the \$250 million annual debt limit, and to date Chapter 806 capital project expenditures have not exceeded the limit. Accounts is transferring planning money from bond funded projects back to the Central Capital Planning Fund timely based on Planning and Budget's request. However, Planning and Budget does not always timely reimburse the Central Capital Planning Fund when projects are approved for construction because inadequate funding

causes Planning and Budget to have to prioritize the use of planning funds and try to find alternative funding for planning before they can reimburse and fund projects. The report includes three recommendations. Access the [Full Report](#) on our website.

Review of the Commonwealth's Mobile Devices

The Virginia Information Technologies Agency (VITA) issued the first comprehensive set of standards governing the management and use of mobile devices in January 2013. Prior to this, agencies had very little guidance or requirements on how to manage mobile devices. The standards adequately address the assignment, evaluation of need, protection, monitoring, and usage of mobile devices. However, since VITA issued the standards half way through our audit period (calendar year 2012 and 2013), many agencies did not begin implementing or following the standards until sometime during 2013 and some agencies were not aware of the standards at all.

Since VITA issued standards governing the management and use of mobile devices half way through our audit period, many agencies had not yet implemented them or were not aware of the standards at all.

As a result, eighteen out of 24 agencies and institutions of higher education surveyed did not have internal policies and procedures over mobile devices that adequately comply with VITA's standards. In addition, agencies did not have all of their mobile devices on the most cost effective plans and were not properly managing mobile device costs as evidenced by 990,525 unused minutes within pooled plans; \$558,435 in recurring minute and data overage charges; and \$1,590,533 for mobile devices that were unused for six to twelve months of the year during calendar year 2013. Access the [Full Report](#) on our website.

OUR OTHER ACTIVITIES

In addition to our auditing activities, we perform a variety of other functions throughout the year to assist in improving accountability and financial management in the Commonwealth. Some of these involve assisting the Commonwealth's local governments, including providing guidelines to the auditors of local government financial statements and reviewing the quality of their work. We also annually prepare a [Comparative Report of Local Government](#), which is a compilation of financial information provided by each locality in the Commonwealth.

We also serve the Commonwealth by procuring public accounting firms and performing contract management for annual audits of legislative agencies and several other Commonwealth related entities. Besides the General Assembly and legislative agencies, we manage audit contracts for the Fort Monroe Authority, Hampton Roads Transportation Accountability Commission, Virginia Commercial Space Flight Authority, Virginia Port Authority, Virginia Resources Authority, and the Virginia Tobacco Settlement Financing Corporation.

Further, we maintain Commonwealth Data Point, the Commonwealth's transparency website, provide information and data to General Assembly members and staff, and respond to related inquiries. We continuously follow the activities of various standard setting and regulatory bodies, providing feedback on proposed changes to help protect the interests of the Commonwealth and its localities. We also provide information to various state, local, and other professional organizations to ensure they are aware of changing accounting standards and federal regulations, activities of our Office, and results of our projects. Participating with these organizations also serves as a great way to gather information to help us continue improving our audits. We highlight below some of the specific ways our Office added value during the past year.

[Maintaining Commonwealth Data Point](#)

Section 30-133 of the [Code of Virginia](#) requires our Office to compile and maintain a searchable database on our website that contains certain state expenditure, revenue, and demographic information. We meet this [Code](#) requirement through our operation and maintenance of [Commonwealth Data Point](#). We update Commonwealth Data Point quarterly with data obtained from agencies, higher education institutions, and from other sources, as needed. We also include information about local government financial activity that we obtain from our Comparative Report on Local Government. In addition, we research and respond to citizen's inquiries about information on Commonwealth Data Point.



During the 2016 General Assembly Session, legislation was passed requiring that we incorporate into Commonwealth Data Point a listing of the positions and the salary associated with each position for all state agencies and higher education institutions. In order to implement these changes, we had to obtain additional data from the Department of Human Resource Management (Human Resource Management) and from agencies and institutions that do not submit data to Human Resource Management. In October 2016, we made available the [position and salary data](#) in Commonwealth Data Point.

In addition to the position and salary data, the legislation also required we make enhancements to Commonwealth Data Point to include graphs, charts, and other visual displays and frequently asked questions and responses. We were planning visual enhancements prior to the legislation and had already obtained software to enable us to make these enhancements. Also, we have hired a Web Developer to assist in implementing these changes. We plan to launch our new version of Commonwealth Data Point, that includes the enhancements, in the spring of 2017, along with incorporating changes necessary due to the Commonwealth's implementation of Cardinal, its new statewide accounting and financial reporting system.

Supporting Local Government

Auditing Guidelines

While our Office does not audit the financial statements of the Commonwealth's local governments, we do establish guidelines, or specifications, that the CPA firms must follow when auditing local governments. The specifications assist state agencies in making sure that the auditing firms understand and include audit procedures of state grants and contracts as well as detail how auditors should perform audit work unique to Virginia local governments.

We have recently organized a work group to review the guidelines and audit requirements to determine where we can improve efficiencies to best meet the objectives of the specifications. This work group will consist of key management and audit managers from our Office, a selection of auditing firms, and representatives of the applicable state agencies. In early 2017, our goal is to facilitate discussions over how the auditing firms approach the specifications through use of auditing best practices, materiality scopes, and sampling methodologies, as well as obtaining feedback regarding the state agencies' expectations and reliance on the audit procedures for the Virginia compliance requirements.

Providing Support for New Standards

As discussed earlier in the [Virginia Retirement System](#) Section of the report, the Commonwealth and its localities implemented GASB Statement No. 68 beginning in fiscal year 2015, and this standard had a significant impact on their financial statements. Throughout fiscal year 2016, the second year of the new pension accounting and financial reporting standards, our Office

continued to provide local governments, as well as their auditing firms, critical information to ensure compliance with the pension standards for their financial statements.

Annually, the Virginia Retirement System (System) provides the actuarial valuation reports, schedules of the applicable pension amounts, footnote disclosure information, and other financial reporting guidance to the participating local government employers for their financial statements. Likewise, our Office publishes the reports that included our audit opinions over the plan schedules and applicable pension amounts for the Teachers' cost-sharing plan and the localities and political subdivisions' agent multiple plans. All of this information is available on the [New Pension Standards Resources](#) section of our website.

Our Office continued to provide hands-on support to assist the local governments in understanding the substantial changes involved with the new standards. Throughout the year, we gave several presentations at various conferences held by professional organizations in the accounting and auditing field, as well as presenting to individual localities and their auditing firms. Our presentations focused on providing key reminders and updates on the technical aspects of the pension accounting standards and the impact to the financial reporting processes and financial statements of Virginia's local governments. In addition, our Office continued to offer technical guidance and provide additional correspondence and outreach to keep the local governments, political subdivisions, and the auditing firms updated on important pension information.

Coupled with our continued support for pension standards, our Office has started educating localities about the substantial changes coming with the implementation of other postemployment benefits accounting and financial reporting standards.

Coupled with our continued support for the new pension standards, this year our Office started educating local governments and their auditors about the upcoming implementation of other postemployment benefits accounting and financial reporting standards as discussed in the [Virginia Retirement System](#) Section. The standards closely mirror the pension standards and will have a significant impact on the liabilities reported in the localities financial statements as well as including additional note disclosures and supplementary information in the financial statements. As with pensions, our Office will provide

similar support and critical financial reporting information for those Commonwealth sponsored other postemployment benefit plans administered by the System. However, since local governments can administer their own plans or participate in other plans not administered by the System, our current outreach has highlighted the importance of the localities proactively communicating with the other plan administrators and external auditors to inquire about audit assurances and ensure they timely receive important financial reporting information for their financial statements.

Quality Control Reviews

The Office is not responsible for procuring a locality's auditing firm or overseeing its work during the process. However, annually, the Office selects a sample of the CPA firms used by the localities and conducts a post issuance quality control review to ensure the firms' audit work complies with auditing standards and the requirements of the federal government, if the local government receives federal funds, as well as the specifications mandated by our Office. This review is in addition to the peer reviews that CPA firms must periodically undergo. We communicate the results of our reviews to the firm, the applicable locality whose audit is selected for review, the Virginia Society of Certified Public Accountants, and the Virginia Board of Accountancy.

Firms can receive a rating of pass, pass with deficiencies, or fail. Firms that receive a rating of fail are scheduled for a repeat review in the following year. In 2016, the Office completed reviews of eight local government audits at seven CPA firms. We issued five reports with a rating of pass, two reports with a rating of pass with deficiencies, and one report with a rating of fail. We noted the following deficiencies during the review of the firms that received a rating of either pass with deficiencies or fail.

CPA Firm Deficiencies

Table 5

Area of Deficiency	# of Firms Cited
Workpaper Documentation	3
Compliance with Federal Requirements in OMB Circular A-133	2
Compliance with Auditing Standards	1
Compliance with Generally Accepted Accounting Principles	1

This year we provided guidance that recommends localities, in performing due diligence when contracting with a public accounting firm, incorporate the review of our quality control reports issued for prospective auditing firms. We also emphasized that localities should evaluate the quality of the firm by reviewing the American Institute of Certified Public Accountants (AICPA) most recently published peer review results of the firm, which are publicly available on the AICPA's website.

Additionally, to specifically address compliance with the requirements over federal funds, we continued our analysis started in the prior year to review the Single Audit reports related to federal funds across 144 Virginia local governments that were required to issue this report. We obtained the localities' report data for the years 2013 through 2015 from the Federal Audit Clearinghouse and performed various data analytics designed to detect non-compliance with specific federal auditing and reporting requirements.

Based on the results of this analysis over fiscal year 2015 audits, our Office found potential Single Audit testing and reporting deficiencies and potential reporting problems in the information sent to the Federal Audit Clearinghouse for four out of the 144 local government audits. We have

communicated our findings to the applicable auditing firms to investigate the nature of any potential issue and ensure corrective action is taken to amend and re-issue the applicable Single Audit reports and update the Clearinghouse data.

As discussed in the [New Federal Grant Requirements](#) Section, the federal government has approved new Uniform Guidance that will impact locality Single Audits. In addition to various other changes, locality Single Audits will now be subject to an audit quality study by the federal government every six years beginning in 2018. As Virginia local governments recently transitioned to implement substantial changes with new regulations over federal funds and their auditors will implement new auditing requirements for 2016 Single Audits, we believe the timing of this analysis continues to benefit local governments and their auditors by helping to ensure Single Audit quality. Additionally, throughout the various local government presentations our Office has given over the past year, we have discussed our analysis and focus over reviewing Single Audits, as well as highlighted the changes with the new federal guidelines to further emphasize the increasing importance of Single Audit quality.

Upcoming Changes to Our Website

The Local Government section of our website already provides the audited financial statements and the internal control and compliance reports for the 171 localities required to annually report to the Office. In an effort to increase transparency and provide valuable information for the Commonwealth and its constituents, our office is currently working to present additional local government information and reports that we receive annually.

In addition to the locality's audited financial statements and reports on internal control and compliance, a locality may receive a written management letter from its auditor. A separate letter may be issued to emphasize other internal control or financial reporting matters that the auditing firm judges to be important enough to merit management's attention but not at a significant level for inclusion in the locality's report. Our office has required local governments and their auditors to send a copy of any issued management letter each year when submitting the audited financial reports. Because this letter may provide additional insight regarding internal control deficiencies over financial matters, we believe that making the management letters available on our website will provide useful information alongside the local governments' audited financial reports.

To increase transparency, we plan to include management letters from locality auditors on our website.

Another aspect of this initiative is to provide on our website the audited financial reports that our Office receives annually from an authority, board, district, commission or other political subdivision in accordance with the [Code of Virginia](#), Section 30-140. Additionally, as discussed above with our quality control reviews, we will provide our quality control reports issued over audit firms for the last five years of reviews. We believe making these reports available on our website will provide more timely information to assist localities when assessing firms during the contracting process.

Sharing Knowledge

We provide information on a variety of topics to various groups throughout the year including General Assembly members, state and local government officials and organizations, higher education groups, and other professional organizations. The tables on the following pages highlight the groups to which we provided information and the topics covered during the year.

Table 6

General Assembly Members and State Government	
College and University Auditors of Virginia	<ul style="list-style-type: none"> • Provided an update on implementation of new pension standards, National Collegiate Athletic Association agreed-upon procedures, results of our 2015 audits, and upcoming work required by the General Assembly. Also, discussed changes to our audit of student financial assistance and research and development programs as a result of new federal Uniform Guidance and potential impact of proposed accounting and financial reporting standards for fiduciary activities.
New Legislator Training	<ul style="list-style-type: none"> • Presented information to new members of the House and Senate on roles and responsibilities of the Office of the Auditor of Public Accounts (APA).
Office of the State Inspector General	<ul style="list-style-type: none"> • Provided information about current APA activities, recent trends in audit recommendations, and new areas of focus for upcoming audits.
Virginia Association of School Business Officials	<ul style="list-style-type: none"> • Co-presented with Virginia Retirement System staff to provide an update on the Commonwealth's implementation of new pensions standards, including providing information on resources available to assist them in complying with the new pension standards and the roles and responsibilities of the various entities involved in implementation.
Virginia Commonwealth University Information Audit and Controls Class	<ul style="list-style-type: none"> • Guest lecturer – Discussed the difference between information technology general and application controls and why it is important to test both during a financial statement audit.

Table 7

Local Government Auditors and Organizations	
Constitutional Officers	<ul style="list-style-type: none"> Presented information to new constitutional officers on the role of the APA and our interaction with Constitutional Officers.
New Sheriff’s School sponsored by the Virginia Sheriff’s Institute	<ul style="list-style-type: none"> Presented information on accounting and auditing issues related to Sheriffs, including the Virginia Sheriff’s Accounting Manual content, audit specifications for CPA firms related to the Sheriffs’ offices, information about audit procedures we perform related to Sheriffs’ offices, and typical audit findings.
Robinson, Farmer, Cox Associates	<ul style="list-style-type: none"> Provided an update on various topics, including the Commonwealth’s new Cardinal accounting system, local government Comparative Report transmittal form process, updates to 2016 APA Specifications, results of quality control reviews over firms auditing Virginia’s local governments, and new pension accounting and financial reporting standards.
Virginia Government Finance Officers Association Central Regional Training	<ul style="list-style-type: none"> Provided an update on various topics, including the Commonwealth’s new Cardinal accounting system, local government Comparative Report transmittal form process, updates to 2016 APA Specifications, results of quality control reviews over firms auditing Virginia’s local governments, and new pension accounting and financial reporting standards.

Other Professional Organizations	
AGA National Internal Control and Fraud Prevention Training	<ul style="list-style-type: none"> Discussed the actions management should take to plan for and respond to frauds to ensure they maintain services.
AGA National Professional Development Training	<ul style="list-style-type: none"> Presented topics for multiple sessions including OMB Uniform Guidance Audit Requirements, and how the APA uses “big data” in auditing, adapted from our July/August 2014 VSCPA Disclosure article entitled Order From Chaos.
AICPA Government Audit Quality Center Webcast	<ul style="list-style-type: none"> Provided an update on the Single Audit and the 2016 Compliance Supplement.
AICPA Practitioners Symposium and Tech+ Conference	<ul style="list-style-type: none"> Provided a session on “big data,” including a high level overview of what it is, why it matters to CPAs, and real life examples of “big data.”
Mid-Atlantic Intergovernmental Audit Forum	<ul style="list-style-type: none"> Provided information on how the APA assesses the quality of local government Single Audits using information from the Federal Audit Clearinghouse. Discussed Virginia’s plans for completing Type B risk assessments and federal agencies’ responsibilities under new Uniform Guidance.
Mid-America Intergovernmental Audit Forum and Department of Health and Human Services National External Audit Review Center’s Single Audit Workshop	<ul style="list-style-type: none"> Presented topics for multiple sessions including Virginia’s Practices for completing Type B risk assessments and reporting findings as required for Single Audits and how the APA assesses the quality of local government Single Audits using information from the Federal Audit Clearinghouse.
NASACT, in conjunction with AGA and the Association of Local Government Auditors, Webinar	<ul style="list-style-type: none"> Discussed differences between OMB Circular A-133 and the Uniform Guidance for Single Audit major program determination and reporting requirements. Provided information on how to proactively adjust testing to manage workload for continued quality Single Audits in preparation for the upcoming changes.
National State Auditor’s Association Information Technology Conference	<ul style="list-style-type: none"> Several members of the APA staff made presentations to information technology auditors from 34 other State Auditor Offices on topics including audit tools developed in house, business intelligence tools, and security information and event management audits.

Other Professional Organizations

New York State Society of CPAs Annual Conference

- Discussed prior and future studies of Single Audits and their impact on the profession, new responsibilities for auditors, and actions for enhancing audit quality.

Virginia Accounting and Auditing Conference co-sponsored by VSCPA and Virginia Tech

- Provided an update on Government Auditing Standards – OMB Uniform Guidance Audit Requirements, which are replacing requirements in A-133 for Single Audits.

<i>AGA</i>	<i>Association of Government Accountants</i>
<i>AICPA</i>	<i>American Institute of Certified Public Accountants</i>
<i>NASACT</i>	<i>National Association of State Auditors, Comptrollers and Treasurers</i>
<i>VSCPA</i>	<i>Virginia Society of Certified Public Accountants</i>

Being Leaders in Our Profession

In addition to making presentations to various state, local, and other groups, our staff also participate in leadership roles in various groups that are opportunities for professional development as well as opportunities to have a voice in the activities that impact our Office and the entities that we audit. The table below contains organizations in which our staff participate in leadership roles. Due to their relevance to the work we perform, in some cases, we have multiple staff involved in a particular committee.

Outside Organization Leadership Roles

Table 9

Organization	Leadership Role
AGA: Intergovernmental Partnership Committee Intergovernmental Partnership Internal Control Work Group	Committee Member Work Group Member
AICPA: Awards Committee Governing Council Government Audit Quality Center Governmental Accounting and Auditing Update Conference Planning Committee	Committee Member Council Members Executive Committee Member Committee Member
Government Accountability Office: Yellow Book Advisory Council	Council Member
NASACT: Committee on Accounting, Reporting, and Auditing GASAC Subcommittee Membership Committee Uniform Guidance Implementation Work Group	Committee Members Subcommittee Member Committee Member Co-Chair and Members
NSAA: Audit Standards and Reporting Committee Auditor Training E-Government Committee Excellence in Accountability Awards Committee Human Resources Committee Peer Review Committee Pension Audit Issues Work Group Single Audit Committee	Vice-Chair and Members Committee Members Vice-Chair and Members Committee Member Committee Member Committee Members Work Group Members Chair and Members
VSCPA: Accounting and Auditing Committee Awards Committee Board of Directors Disclosures Magazine Public Speaking and Community Engagement Committee Young Professionals Advisory Council	Committee Member Committee Member Chair-Elect Columnist Committee Member Committee Member

AGA *Association of Government Accountants*
 AICPA *American Institute of Certified Public Accountants*
 GASAC *Governmental Accounting Standards Advisory Council*
 NASACT *National Association of State Auditors, Comptrollers and Treasurers*
 NSAA *National State Auditors Association*
 VSCPA *Virginia Society of Certified Public Accountants*

Monitoring Standards and Regulations

During the year, our Office reviewed several documents issued for comment by the various standard setting bodies that govern the auditing standards we follow in performing our audits and the accounting standards that Virginia state and local governments must follow when reporting their financial activity. We also reviewed documents issued by federal oversight entities that establish regulations we must follow when auditing federal awards and state and local governments must follow when expending federal awards.

We follow the activities of various standard setting and regulatory bodies and provide feedback on proposed changes to help protect the interests of the Commonwealth.

Being a part of this process allows us to stay informed of upcoming changes so that we can provide technical advice to the General Assembly, state agencies and institutions, and local governments in the Commonwealth. In addition, by providing feedback to the standard setting and regulatory bodies on proposed changes, we help protect the interests of the Commonwealth in circumstances where we do not agree with the proposed changes. Table 10 summarizes the documents that we reviewed and to whom we provided responses during the year.

Table 10

Standard Setting Entity	Document Reviewed
AICPA	2016 Audit Guide for <i>Government Auditing Standards and Single Audits</i>
GASB	Exposure Draft: <i>Accounting and Financial Reporting for Certain External Investment Pools</i>
GASB	Exposure Draft: <i>Accounting and Financial Reporting for Irrevocable Split-Interest Agreements</i>
GASB	Exposure Draft: <i>Accounting and Financial Reporting for Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans</i>
GASB	Exposure Draft: <i>Blending Requirements for Certain Component Units</i>
GASB	Exposure Draft: <i>Certain Asset Retirement Obligations</i>
GASB	Exposure Draft: <i>Fiduciary Activities</i>
GASB	Exposure Draft: <i>Implementation Guidance Update-20XX</i>
GASB	Exposure Draft: <i>Leases</i>
GASB	Exposure Draft: <i>Pension Issues</i>
OMB	2016 Data Collection Form for Single Audits

AICPA American Institute of Certified Public Accountants
 GASB Government Accounting Standards Board
 OMB Office of Management and Budget

In addition to responding to formal documents proposed, we represent the Commonwealth of Virginia at the Single Audit Roundtable meetings in Washington D.C. At this twice-a-year event, Federal officials, a representative from the National State Auditors Association (NSAA), representatives from all the major accounting firms, and representatives from a few states' audit organizations exchange ideas, problems, solutions, and best practices for performing Single Audits of federal programs.

The Auditor of Public Accounts also participated in several meetings as a member of the Yellow Book Advisory Council. The Council works with the U.S. Government Accountability Office in reviewing proposed updates to government auditing standards. We also have been very active in the NSAA Single Audit Committee in meeting with members of the Government Accountability Office and the Office of Management and Budget, as well as the federal inspector general community, to discuss the implementation of the new rules for determining Single Audit major programs in order to better manage our work load. We are currently participating in discussions with the U.S. Department of Education concerning how their program specific rules can be reconciled with Uniform Guidance and have been granted a one-year reprieve from auditing the student financial assistance program as a major program.

Investigating Fraud

During the course of the year, in accordance with Section 30-138 of the Code of Virginia, we receive reports of circumstances indicating a reasonable possibility of fraudulent transactions. This Office conducts an initial review of all reports and, based on the nature and circumstances of each report, determines how best to proceed. The majority of reports and related situations result in this Office, the Office of the State Inspector General, and the State Police coordinating our activities with agency, institution and locality officials, primarily internal auditors, and local law enforcement. The table below outlines the volume of activity, including a breakdown of new reports by type of entity, during fiscal years 2014 through 2016.

Fraud Report Activity

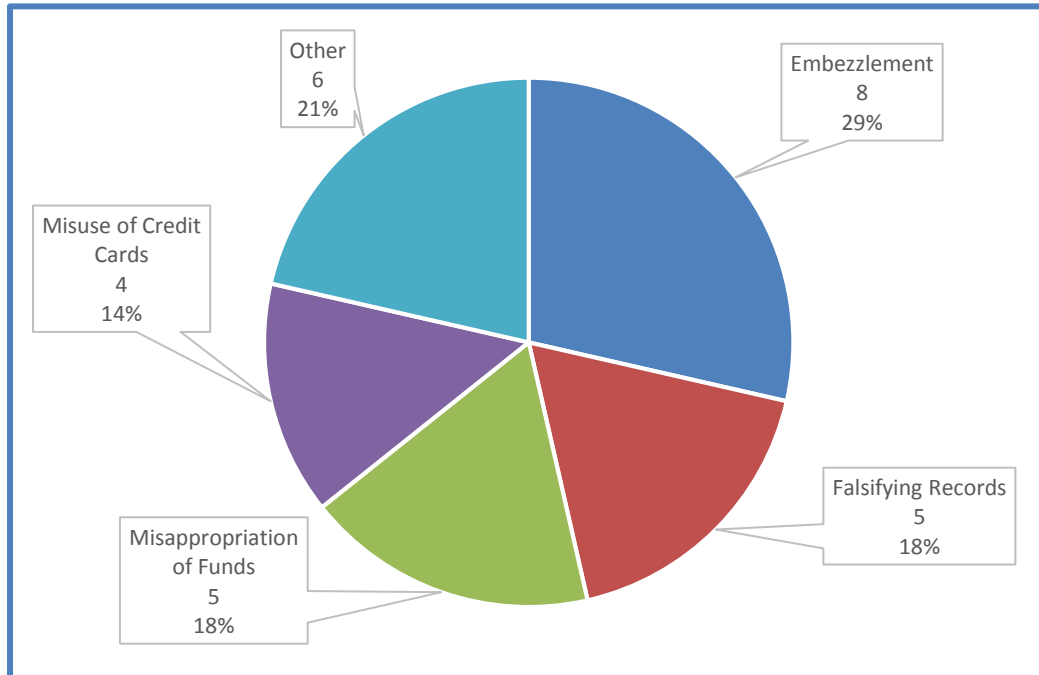
Table 11

	FY 2016	FY 2015	FY 2014
Outstanding cases at beginning of fiscal year	18	36	36
New reports:			
Courts	1	0	1
Local Governments	7	7	12
Institutions of Higher Education	12	14	10
State Agencies	8	19	16
Total New Reports	28	40	39
Closed reports	27	58	39
Active cases at end of fiscal year	19	18	36

The following chart provides a breakdown of the new reports received during fiscal year 2016 by type of fraud.

New Reports in FY 2016 by Type of Fraud

Chart 2



During the year, we were able to resolve and close a number of reports. The frauds that resulted in conviction and recovery were related to employees using small purchase charge cards and embezzling state funds. The breakdown of their resolution follows by fiscal year.

Closed Reports

Table 12

Disposition	FY 2016	FY 2015	FY 2014
No Conviction / Action	8	21	19
Conviction	4	8	1
Conviction and Recovery	1	4	5
Administrative Action	9	19	8
Administrative Action and Recovery	5	6	6
Total	27	58	39

OUR ORGANIZATION

Our mission drives us each day to support the Commonwealth in creative and new ways. Over the years, we have developed a solid organizational structure on which to perform our constitutionally driven responsibilities. To learn more about our structure and the types of individuals that work at the Office, please see our Office Overview document at [Appendix A](#).

MISSION

The Auditor of Public Accounts serves Virginia citizens and decision-makers by providing unbiased, accurate information and sound recommendations to improve accountability and financial management of public funds.

We Value Our Staff

We recognize that our staff are key to achieving our mission. Therefore, we strive to create a positive work environment that will help us to recruit and retain talented staff. In addition, we work to ensure that we are providing our staff with the training they need to help us maintain a high level of quality on our audits and developing future leaders for our Office.

Maintaining a Positive Work Environment



Because we believe the APA is a great place to work, for the past three years we have participated in the Richmond's Top Workplaces event sponsored by the Richmond Times-Dispatch and Workplace Dynamics and were recognized as one of Richmond's Top Workplaces. To participate employers and their employees completed anonymous surveys about their workplace. On March 6th, as a result of the feedback received from our staff, the Auditor of Public Accounts was recognized as one of Richmond's Top 60 Workplaces in the [Richmond Times Dispatch](#).

This is the third consecutive year that we have received this recognition and the APA is one of only 22 employers that have been on the list for each of the three years it has been in existence. In addition to the positive impact we believe this recognition will have on our recruiting efforts, we also believe the survey results, which were summarized and provided to all participating employers, provide a valuable tool for us to use to know areas where we have been successful and areas where we need to continue to make strides.

Developing Future Leaders

We recently held the APA Leadership Institute, which is an internal training program that we conduct every other year to develop future leaders of the APA. Staff must submit an application and, if selected for further consideration, participate in an interview process to be accepted to the Institute. Sessions included topics on strength based leadership, decision analytics, and impromptu speaking. We also had several leaders from outside the APA meet with the participants and discuss their personal leadership stories and challenges they have encountered in their leadership roles. Finally, each participant was provided a topic and had to develop and give a presentation on that topic. This is the fourth time that we have sponsored the Institute and 23 staff have completed the program to date. Three of the attendees are now specialty team directors and 6 are audit managers in our Office.

Maintaining an Edge

In August of 2015, a core group consisting of the management team and select staff began to develop our 2015 through 2020 Strategic Plan. The core group had one-on-one conversations with every employee in our office to ensure that all employees had a voice during this process. After those conversations, the core group then met several times to discuss the ideas generated and draft our strategic goals and values. Our management team then met to develop the specific strategies under each goal. In May 2016, we finalized our strategic plan and communicated it office-wide.

Our Values

When we embarked on our new strategic planning process, we decided to take a value-based leadership approach. We believe that by establishing values, it will allow us to have a framework for our strategic goals and activities. We identified four core values that we believed best represented our Office and staff: Professional, Engaged, Knowledgeable, and Collaborative.

PROFESSIONAL

We provide objective and balanced audits delivered by staff who act with integrity.

ENGAGED

We are committed to innovation, proactive in our practice, and adaptive to the evolving needs of the Commonwealth.

KNOWLEDGEABLE

Our continuous education model attracts and retains a team with superior expertise.

COLLABORATIVE

We promote a culture of collaboration and transparency with one another and our stakeholders.

Our Strategic Goals

The strategic plan is divided into four strategic goals with multiple tasks under each goal. These goals and their tasks are highly interrelated and will take several years to fully achieve. Following is a brief description of each of the four strategic goals.

The focus of the **Build Our Culture** strategic goal is to continue to build an internal culture aligned with our core values to guide how we approach our work, internally and externally, and to shape our brand with our stakeholders. To accomplish this goal, we plan to identify past achievements and other events related to our Office that illustrate our core values and provide clear definitions and examples of each value in action. We also will review and modify our current internal processes to ensure they reinforce our organizational culture and align with our core values. In addition, we will identify external “touch points” where our organizational culture should be

communicated. Since the **Build Our Culture** strategic goal establishes the foundation for the other goals, we plan initially to focus most of our efforts towards the tasks associated with this goal.



Under the **Strengthen and Retain Our Staff** strategic goal, we plan to increase our investment in developing our team, with an emphasis on developing current and future leaders and recruiting and retaining the best talent. To achieve this goal, we plan to diversify and strengthen our recruiting efforts in order to attract the best candidates. We also plan to enhance our training programs and the experiences and opportunities of our staff to ensure that the development program helps each individual achieve their fullest professional potential. In addition, we will develop programs and identify methods to encourage and foster staff retention.

Another strategic goal of our Office is to **Be a Leader in the Profession** by remaining current and innovative in our work and practices. This strategic goal involves forming a team within the Office to identify, pursue, and implement opportunities for innovative growth. In addition, we will encourage and develop innovative thinking in our staff and promote exploration of new ideas.

Finally, the objective of the **Communicate Our Value** strategic goal is to strengthen our relationships, emphasize our value, and enhance the ability of our stakeholders to utilize our work to make better decisions. Under this strategic goal, we will improve our outreach to legislative and policy stakeholders. We will also improve the relevancy and clarity of our audit finding recommendations to help agencies and legislators understand and address the root cause of issues

we identify. In addition, we will maintain, and appropriately grow or leverage, our relationships with professional associations.

Administrative and Financial Highlights

Structure and Funding

The Auditor of Public Accounts is a constitutional officer, serving as the external auditor for all non-legislative state entities of the Commonwealth. The General Assembly elects the Auditor to serve a four-year term, and the Auditor reports to the General Assembly through the Joint Legislative Audit and Review Commission. Virginia’s Constitution and the Code of Virginia define the Auditor’s duties. This structure provides independence from the agencies and institutions audited.

The Auditor’s Office receives about 90 percent of its funding from the General Fund of the Commonwealth with the remaining ten percent resulting from billings for federal audit work. Additionally, the Auditor annually bills and directly deposits revenue into the General Fund for local court and select agency audits, which was approximately \$400,000 during fiscal year 2016.

Recruiting and Retaining Staff

In recent years, we have been operating at reduced staffing levels; however, as shown in the table below, over the last two years we have been successful in recruiting and hiring new staff. Since the market for accounting and auditing positions remains strong, we have continued to actively recruit new staff. In addition, as discussed in the Our Strategic Goals section of our report, our Strengthen and Retain Our Staff strategic goal is focused on strengthening our recruiting efforts and enhancing our training opportunities and retention programs.

We perform many of our audits because they have statutory mandates, support federal regulations, or fulfill bond covenant requirements. Other work performed by our Office, such as maintaining Commonwealth Data Point, fulfills additional statutory mandates. Reduced staffing levels, coupled with mandated activities, has limited the time available for our risk based auditing activities. Ideally, we would prefer to have more resources available to focus on our non-mandatory work. However, like other organizations in the Commonwealth, in recent years we have had to strategically manage our resources to ensure we accomplish our required work.

Table 13

Staffing Overview	
Approved staffing level	130
Actual Staff	
June 30, 2012	107
June 30, 2013	112
June 30, 2014	111
June 30, 2015	121
June 30, 2016	122

Our the last few years, the number of mandatory hours in our work plan have increased related to new standards, regulations, and legislation, some of which we have discussed in the sections above. They include additional work related to new pension standards (approximately 3,000 hours), the audit of Bristol Virginia Utilities Authority (approximately 2,400 hours), changes to National Collegiate Athletic Association agreed-upon procedures (approximately 1,000 hours),

legislation standardizing reporting for intercollegiate athletics programs (approximately 850 hours), and legislation extending our reporting related to capital projects cash flow requirements (approximately 400 hours.)

Also, as a result of the new audit requirements discussed under the New Federal Grant Requirements, we may no longer be able to take a cyclical approach to auditing the student financial assistance program at the Commonwealth’s higher education institutions. Previously, we audited this program at approximately one third of the 39 higher education institutions each year because of the substantial amount of hours it takes to test the program. In light of these federal changes, the U.S. Department of Education is evaluating its audit requirements specific to the student financial assistance program to determine if it needs to be audited each year at each institution of higher education. Given our current staffing levels and other mandatory audit requirements, it would be difficult for us to complete the required testing at all 39 locations annually.

To the extent feasible, we continue to build risk-based audits into our work plan. However, given the increase in the number of mandated hours in our work plan, we had to postpone some of our risk-based projects scheduled to be completed during fiscal year 2016 to our next work plan. Further, we limited the number of new risk-based projects in our 2017 work plan. As we are able to increase our staffing levels, we will rededicate resources to these types of audits. However, as it takes time to train new staff, we will not immediately be able to increase our work plan.

Being Good Stewards

As reflected above, we strive to make the most of our available resources while ensuring we remain good stewards of the Commonwealth’s funds. The table below reflects our budget to actual performance for fiscal year 2016.

Analysis of APA Original and Adjusted Budget verses Actual Expenses by Funding Source
For the Year Ending June 30, 2016

Table 14

Funding Source	Original Budget	Adjusted Budget	Actual Expenses	Variance
General Fund	\$11,066,353	\$11,836,645	\$ -	\$ -
Mandatory Reversion	-	(375,264)	-	-
Carry forward of FY2015 general fund savings	-	432,264	-	-
Total available General Funds	11,066,353	11,779,645	11,754,327	25,318
Special Revenue	878,216	878,216	878,216	-
Total	\$11,944,569	\$12,657,861	\$12,632,543	\$25,318

Table 15

Mandatory Reversions	
2010	\$ 1,048,754
2011	1,322,000
2012	1,322,000
2013	900,000
2014	900,000
2015	1,017,084
2016	375,264
	\$ 6,885,102

Over the past seven years, we have been required to make significant reversions of funds, ranging from three percent to over 11.5 percent of our adjusted budget. We have been able to make such significant reversions by operating at reduced staffing levels and implementing other cost saving initiatives internally. However, as we have rebuilt our staffing levels, our personnel costs have increased. As a result, as shown in the table above, we had minimal carry forward available at the end of fiscal year 2016.

The schedule below reflects our original budget for fiscal year 2017. As the amount of federal audit work we perform has increased in the past few years, we have received additional revenue from our federal billings and have increased our special revenue appropriations to reflect this increase. This will provide additional resources to enable us to continue to increase our staffing levels to address our increasing work load.

APA Original Budget

For the Year Ending June 30, 2017

Table 16

Funding Source	Original Budget
General Fund	\$11,800,799
Special Revenue	1,006,845
Total	\$12,807,644

We plan to continue to conservatively manage our available funds during 2017 since, as noted above, we are faced with increasing personnel costs, which make up 91 percent of our budget. In 2017, we will continue to focus on rebuilding our staffing resources, so that we may expand the valuable work our Office performs, allowing us to address projects resulting from new legislative and regulatory mandates, as well as projects identified through our risk assessment process.



Martha S. Mavredes, CPA

An Overview of the APA

Insight into the Agency

Martha.Mavredes@apa.virginia.gov

Our Mission

The Auditor of Public Accounts serves Virginia citizens and decision-makers by providing unbiased, accurate information and sound recommendations to improve accountability and financial management of public funds.

Office Overview

Providing sound reliable information and alternatives helps the Commonwealth's leaders address the challenges facing Virginia today. The Office of the Auditor of Public Accounts serves as the General Assembly's eyes and ears, monitoring and reporting how state agencies and institutions spend taxpayers' money.

As the Commonwealth's Board of Directors, the General Assembly directs the work of the Auditor's Office, either through specific study language or through an annually approved work plan.

General Assembly members can also request technical assistance from the Auditor's Office in understanding the financial operations of the Commonwealth and its localities. Likewise, state agencies and institutions can make similar requests regarding specific areas of focus for review within their organizations.

The bottom line: The Auditor's Office is here to meet your needs and those of the Commonwealth's citizens.

What Do We Typically Do?

The first part of our year predominantly focuses on addressing Code of Virginia and federally mandated audits such as the Commonwealth's Comprehensive Annual Financial Report (CAFR), the Statewide Single Audit of federal funds, and numerous other operational and financial statement audits.

For the remainder of the year, in order to ensure audit efficiency and cover the greatest number of agencies and institutions not mandated for review, the Auditor completes a risk assessment of the agencies and institutions as well as key issues facing the Commonwealth. Based on this assessment, projects are selected for completion within the confines of our available resources.

Most non-mandated audits are designed to ensure an agency has internal controls in place to protect the public's money and that they spend it the way the General Assembly planned. We also evaluate agency and institutional compliance with significant state and federal laws and regulations.

The Office's remaining resources are dedicated to special projects focused on emerging issues that may require General Assembly consideration or action. However, the Office remains fluid enough to address other areas of concern as they arise throughout the year.

More than Auditors:

- Created and provides ongoing support for **Commonwealth Data Point**, an online resource showing where and how the Commonwealth spends its funds.
- Monitors major IT projects and contracts, which gives the General Assembly the opportunity to measure their progress and determine when they need adjustment.
- Provides technology-related vulnerability and penetration testing services when requested.
- Works with local, agency and institutional internal auditors investigating frauds and disposing of these cases.
- Reviews the entire court system from the Supreme Court of Virginia to every local court.
- Examines the state accounts and records of every locality handling state funds at least once every two years.
- Maintains oversight responsibility for local government audits performed by public accounting firms.



www.apa.virginia.gov

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Structure and Funding

The Auditor of Public Accounts is a constitutional officer, serving as the external auditor for all state entities of the Commonwealth much like a corporation's CPA firm. In many respects, the Auditor's Office operates like a CPA firm, with the Auditor serving as the managing partner.

The General Assembly elects the Auditor to serve a four-year term and the Auditor reports to the General Assembly through the Joint Legislative Audit and Review Commission (JLARC).

Virginia's Constitution and the [Code of Virginia](#) define the Auditor's duties. This structure provides independence from the agencies and institutions audited.

The Auditor's Office receives about 90% of its funding from the General Fund of the Commonwealth with the remaining 10% resulting from billings for federal audit work. Additionally, the Auditor bills and directly deposits into the General Fund over \$400,000 annually for local court audits.

Our Relationship with JLARC

As noted earlier, the Auditor reports to the General Assembly through JLARC.

As a result, JLARC is responsible for approving the Auditor's Annual Work Plan.

Typically presented at JLARC's May meeting, the work plan sets out our mandated audit activities and highlights the special reviews the Auditor's Office will perform in the coming year.

At the same meeting, the Auditor will also seek JLARC's approval for any modifications to the Office's staffing and salary levels.

Further, as requested, the Auditor's Office will work with or provide support to JLARC's staff in the execution of their economy, efficiency, and program results reviews.

Our Staff

The Auditor's Office is comprised of a diverse group of professionals working together to issue sound, reliable audit reports that assist the stakeholders and decision makers of Virginia. The agency attracts a variety of individuals with a wide range of educational and professional backgrounds, ranging from undergraduate and graduate degrees in Economics, Accounting, Information Technology, and Business Management, just to name a few.

Staff demographics reflect an office culture that promotes diversity with employees of all ages, cultural backgrounds and years of service.

Focused on the Issues

Our reports regularly provide process and policy change recommendations through which the Commonwealth could avoid costs or enhance their fiscal management of agency programs. Each year in the fall, the APA submits an Annual Report to the General Assembly, which highlights the previous years reports and emerging issues. This and all reports issued by our Office since 1998 are available on our website at apa.virginia.gov.

Need Information or Technical Assistance?

Simply call or e-mail the Auditor directly with your question or request. Depending on the nature of your inquiry, we often have the information you need readily at hand.

However, if your inquiry will require substantial time, we will request you provide it in writing, and may ask for the approval of JLARC to change our work plan.

Experience

From CPA's to MBA's, our staff hold over twenty different types of professional certifications and are actively involved in relevant local and national professional organizations such as the National Association of State Auditors, Comptrollers, and Treasurers.

Specialization

To ensure the Auditor's Office is qualified to meet its mission, the Auditor has divided the organization into eleven specialty teams, each trained in the specific skill sets needed to perform their assignments. Areas of specialization include:

- Acquisition and Contract Management
- Budgeting and Performance Management
- Capital Asset Management
- Compliance Assurance
- Data Analysis
- Higher Education Programs
- IT Project Management
- IT Systems Security
- Local Government and Judicial Systems
- Reporting and Standards
- Strategic Risk Management



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Issued Reports and Audited Courts

Appendix B

The following is a listing of all Agencies and Institutions reports issued by the Auditor of Public Accounts during the fiscal year ended June 30, 2016. An asterisk (*) indicates the report includes audit findings and recommendations.

Agencies and Institutions	
Agency	Audit Period
Judicial Branch	
Clerk of the Court of Appeals of Virginia	July 1, 2014 through June 30, 2015
Clerk of the Supreme Court of Virginia	July 1, 2014 through June 30, 2015
Indigent Defense Commission*	July 1, 2012 through June 30, 2015
Virginia Board of Bar Examiners	July 1, 2014 through June 30, 2015
Virginia State Bar	July 1, 2013 through June 30, 2014
Virginia State Bar	July 1, 2014 through June 30, 2015
Independent Agencies	
Internal Control Report on Local Government Investment Pool, Virginia College Building Authority, Virginia Public Building Authority, and Virginia Public School Authority	July 1, 2014 through June 30, 2015
State Lottery Department – Reports on Applying Agreed-Upon Procedures	
“Decades of Dollars”	April 2014 through March 2015
“Mega Millions”	April 2014 through March 2015
“Megaplier”	April 2014 through March 2015
“Power Ball”	April 2014 through March 2015
“Power Play”	April 2014 through March 2015
Virginia Lottery	July 1, 2014 through June 30, 2015
Virginia Retirement System*#	July 1, 2014 through June 30, 2015
Virginia Workers’ Compensation Commission	July 1, 2011 through December 31, 2014
Executive Departments	
Division of Selected Agency Support Services*	July 1, 2013 through June 30, 2014
Office of the Attorney General and the Department of Law	July 1, 2014 through June 30, 2015
Office of the Governor	July 1, 2013 through June 30, 2014
Office of the Lieutenant Governor	July 1, 2013 through June 30, 2014
Office of the State Inspector General	July 1, 2012 through September 30, 2014
The Governor’s Cabinet Secretaries*	July 1, 2013 through June 30, 2014

Administration	
Department of General Services*	July 1, 2012 through June 30, 2015
Department of General Services' Division of Real Estate Services*	July 1, 2014 through December 31, 2015
Department of Human Resource Management*	July 1, 2014 through June 30, 2015
Commerce and Trade	
Department of Labor and Industry	July 1, 2012 through January 31, 2016
Virginia Biotechnology Research Partnership Authority	July 1, 2014 through June 30, 2015
Virginia Board of Accountancy	July 1, 2014 through June 30, 2015
Virginia Economic Development Authority	July 1, 2014 through June 30, 2015
Virginia Employment Commission*	July 1, 2014 through June 30, 2015
Virginia Racing Commission	July 1, 2014 through June 30, 2015
Virginia Small Business Financing Authority*	July 1, 2014 through June 30, 2015
Virginia Tourism Authority	July 1, 2014 through June 30, 2015
Education	
Department of Education including Direct Aid to Public Education*	July 1, 2014 through June 30, 2015
Frontier Culture Museum of Virginia*	July 1, 2011 through June 30, 2013
Science Museum of Virginia*	July 1, 2014 through June 30, 2015
The Library of Virginia*	July 1, 2012 through January 31, 2016
Virginia College Savings Plan*	July 1, 2014 through June 30, 2015
Virginia Commission for the Arts*	July 1, 2012 through June 30, 2015
Virginia School for the Deaf and Blind*	July 1, 2012 through June 30, 2015
Colleges and Universities	
Christopher Newport University	July 1, 2013 through June 30, 2014
Christopher Newport University*	July 1, 2014 through June 30, 2015
George Mason University*	July 1, 2014 through June 30, 2015
George Mason University Intercollegiate Athletics Programs	July 1, 2014 through June 30, 2015
James Madison University*	July 1, 2013 through June 30, 2014
James Madison University*	July 1, 2014 through June 30, 2015
James Madison University Intercollegiate Athletics Programs	July 1, 2014 through June 30, 2015
Longwood University Intercollegiate Athletics Programs	July 1, 2014 through June 30, 2015
New College Institute*	July 1, 2013 through June 30, 2014
Norfolk State University*	July 1, 2014 through June 30, 2015
Norfolk State University Intercollegiate Athletics Programs	July 1, 2014 through June 30, 2015

Colleges and Universities (cont.)	
Old Dominion University Intercollegiate Athletics Programs	July 1, 2014 through June 30, 2015
Radford University	July 1, 2013 through June 30, 2014
Radford University*	July 1, 2014 through June 30, 2015
Radford University Intercollegiate Athletics Programs	July 1, 2014 through June 30, 2015
The College of William and Mary of Virginia Intercollegiate Athletics Programs	July 1, 2014 through June 30, 2015
The College of William and Mary in Virginia, Virginia Institute of Marine Science, and Richard Bland College*	July 1, 2014 through June 30, 2015
Tidewater Community College Reaccreditation Review	July 1, 2014 through June 30, 2015
University of Mary Washington*	July 1, 2013 through June 30, 2014
University of Virginia	July 1, 2014 through June 30, 2015
University of Virginia Intercollegiate Athletics Programs	July 1, 2014 through June 30, 2015
Virginia Commonwealth University*	July 1, 2014 through June 30, 2015
Virginia Commonwealth University Intercollegiate Athletics Programs	July 1, 2014 through June 30, 2015
Virginia Community College System*	July 1, 2013 through June 30, 2014
Virginia Military Institute*	July 1, 2014 through June 30, 2015
Virginia Military Institute Intercollegiate Athletics Programs	July 1, 2014 through June 30, 2015
Virginia Polytechnic Institute and State University	July 1, 2014 through June 30, 2015
Virginia Polytechnic Institute and State University Intercollegiate Athletics Programs	July 1, 2014 through June 30, 2015
Virginia State University*	July 1, 2014 through June 30, 2015
Finance	
Secretary of Finance*	July 1, 2014 through June 30, 2015
Health and Human Resources	
Agencies of the Secretary of Health and Human Resources*	July 1, 2014 through June 30, 2015
Disability Services Agencies*	July 1, 2011 through June 30, 2014
Virginia Foundation for Healthy Youth	July 1, 2014 through June 30, 2015
Virginia Health Workforce Development Authority*	July 1, 2013 through June 30, 2014
Natural Resources	
Clean Water State Revolving Fund Cluster Federal Program, administered by the Department of Environmental Quality	July 1, 2014 through June 30, 2015

Natural Resources (cont.)	
Department of Game and Inland Fisheries*	July 1, 2014 through June 30, 2015
Marine Resources Commission	July 1, 2012 through June 30, 2015
Potomac River Fisheries Commission	July 1, 2014 through June 30, 2015
Rappahannock River Basin Commission	July 1, 2014 through June 30, 2015
Public Safety and Homeland Security	
Department of Corrections, Virginia Parole Board, Virginia Correctional Enterprises*	July 1, 2013 through September 30, 2014
Department of Corrections, Virginia Parole Board, Virginia Correctional Enterprises*	July 1, 2014 through June 30, 2015
Department of Forensic Science*	July 1, 2012 through June 30, 2015
Department of Juvenile Justice*	July 1, 2012 through June 30, 2015
Department of Military Affairs*	July 1, 2012 through June 30, 2015
Department of Veterans Services*	July 1, 2012 through December 31, 2014
Virginia Department of Alcoholic Beverage Control*	July 1, 2014 through June 30, 2015
Technology	
Assistive Technology Loan Fund Authority	July 1, 2013 through June 30, 2014
Innovation and Entrepreneurship Investment Authority and Center for Innovative Technology	July 1, 2014 through June 30, 2015
Wireless E-911 Services Board	July 1, 2012 through June 30, 2014
Transportation	
Agencies of the Secretary of Transportation*	July 1, 2014 through June 30, 2015
Special Reports	
2015 Annual Report of the Auditor of Public Accounts	July 1, 2014 through June 30, 2015
2015 State of Information Security in the Commonwealth of Virginia*	July 1, 2014 through June 30, 2015
Commonwealth of Virginia Single Audit Report*	July 1, 2014 through June 30, 2015
Governance over Enterprise Applications*	December 2015
Progress Report on Selected System Development Projects in the Commonwealth*	December 31, 2015
Report on Collections of Commonwealth Revenues by Local Constitutional Officers*	July 1, 2014 through June 30, 2015
Report to the Joint Legislative Audit and Review Commission	April 1, 2015 through June 30, 2015
Report to the Joint Legislative Audit and Review Commission	July 1, 2015 through September 30, 2015
Report to the Joint Legislative Audit and Review Commission	October 1, 2015 through December 31, 2015

Special Reports (cont.)	
Report to the Joint Legislative Audit and Review Commission	January 1, 2016 through March 31, 2016
Revenue Stabilization Fund Calculations	July 1, 2014 through June 30, 2015
Review of Agency Performance Measures*	July 1, 2013 through June 30, 2014
Review of Capital Project Cash Flow Requirements*	July 1, 2014 through June 30, 2015
Review of Compliance with the Federal Payments in Lieu of Taxes (PILT) Act	October 1, 2014 through September 30, 2015
Review of eVA and Cardinal Interface Efforts*	December 2015
Review of Commonwealth's Mobile Devices*	September 2015
Special Review of Procurement of Commission 2.0 at the State Corporation Commission*	August 2015

#Virginia Retirement System audit also includes GASB Statement No. 68 related reports:

The Virginia Retirement System has prepared schedules of information that state and local employers and their auditors will need when preparing the employers' financial statements. We audited those schedules and the results of our audit are included in the reports issued by the Virginia Retirement System.

Political Subdivision Retirement Plans for the fiscal year ended June 30, 2014

State Employee Retirement Plan for the fiscal year ended June 30, 2014

State Employee Retirement Plan for the fiscal year ended June 30, 2013

Teacher Retirement Plan for the fiscal year ended June 30, 2014

Teacher Retirement Plan for the fiscal year ended June 30, 2013

Virginia Retirement System Management's Assertions Related to Census Data for the year ended June 30, 2014

The following lists the general receivers, courts, magistrates, and state accounts audited during the period July 1, 2015 through June 30, 2016. An asterisk (*) indicates the report includes audit findings and recommendations. A hashtag (#) indicates an entity for which we issued two reports during the audit period. A caret (^) indicates that the turnover audit was performed by a certified public accounting firm.

Circuit Courts			
Accomack*	Craig*	King William	Radford
Albemarle*	Cumberland	Lancaster	Richmond, County
Alexandria*	Danville*	Loudoun	Richmond, City
Alleghany	Dickenson	Louisa	Roanoke, County*
Amherst*	Essex	Lynchburg*	Rockbridge*
Appomattox	Franklin, County*	Madison	Rockingham*
Augusta	Frederick	Mathews	Salem*
Bath*	Fredericksburg*	Montgomery*	Shenandoah*
Bristol	Giles	New Kent*	Southampton*
Brunswick*	Gloucester	Newport News	Stafford*
Buchanan	Goochland	Norfolk	Staunton
Buckingham	Grayson	Orange*	Surry
Buena Vista	Halifax	Petersburg*	Sussex
Caroline*	Hampton	Pittsylvania*	Virginia Beach
Carroll*	Henrico	Portsmouth	Washington
Charles City*	Henry	Powhatan*	Westmoreland
Charlotte*	Isle of Wight	Prince Edward	
	James City/		
Chesapeake	Williamsburg	Prince William*	
Chesterfield	King and Queen	Pulaski	
Circuit Courts – Clerk Turnover Audits			
Albemarle^	Charlotte^	King and Queen^	Pittsylvania^
Amherst^	Floyd^	Madison	Richmond, County^
Bath^	Fluvanna^	Mecklenburg^	Shenandoah^
Caroline	Henrico^	New Kent	Stafford^
Carroll	Henry^	Newport News	Warren^
			Williamsburg/
Charles City^	Highland^	Page^	James City^
General Receivers			
Arlington	Lee	Lynchburg	Wise-Norton
Buchanan	Loudoun	Russell	

General Receivers – Turnover Audits			
Wise-Norton			
General District Courts			
Accomack	Fauquier*#	Middlesex#	Roanoke, City#
Alexandria*	Franklin, County	Montgomery	Roanoke, County
Amherst	Frederick	Nelson	Rockbridge
Appomattox	Fredericksburg#	Newport News (Civil Division)	Rockingham
Arlington	Gloucester	Newport News (Criminal Division)	Shenandoah
Augusta	Halifax	Newport News (Traffic Division)	Smyth
Bedford	Hampton	Norfolk	Spotsylvania*
Campbell	Hanover	Northampton	Stafford*#
Caroline#	Henrico	Northumberland#	Staunton
Carroll	Isle of Wight*	Page	Suffolk
Charlotte*	King and Queen#	Patrick	Virginia Beach
Charlottesville#	King William	Portsmouth	Washington
Chesapeake	Lancaster	Prince William	Waynesboro
Chesterfield#	Loudoun#	Pulaski	Westmoreland
Clarke	Louisa	Richmond, City (Civil Division)	Williamsburg/ James City#
Colonial Heights	Lynchburg*	Richmond, City (Manchester)*	Winchester
Culpeper	Mathews#	Richmond, City (Traffic Division)	
Fairfax, County*	Mecklenburg	Richmond, City (Traffic Division)	
Juvenile and Domestic Relations Courts			
Accomack	Fauquier	Montgomery	Shenandoah
Alexandria*	Franklin, County	Nelson	Smyth
Amherst	Frederick	New Kent	Spotsylvania
Appomattox	Fredericksburg#	Newport News*	Stafford#
Arlington	Gloucester	Norfolk	Staunton
Augusta	Halifax*	Northampton	Suffolk
Bedford	Hampton*	Northumberland#	Tazewell
Bristol	Henrico*	Page	Virginia Beach
Caroline#	Isle of Wight	Patrick	Warren
Carroll	King & Queen#	Petersburg#	Washington
Charlotte#	King William#	Portsmouth	Waynesboro*
Charlottesville*	Lancaster#	Prince William	Westmoreland
Chesapeake	Loudoun*#	Pulaski	Williamsburg/ James City*#

Juvenile and Domestic Relations Courts (cont.)			
Chesterfield#	Louisa#	Richmond, City*	Winchester
Clarke	Lynchburg#	Roanoke, City*#	Wise
Colonial Heights	Mathews	Roanoke, County	Wythe*
Culpeper	Mecklenburg	Rockbridge	York
Fairfax, County	Middlesex	Rockingham	
Combined General District Courts			
Alleghany#	Cumberland	Greensville	Rappahannock
Amelia	Dickenson	Hopewell	Richmond, County
Bath	Dinwiddie	King George	Rockingham
Bland#	Emporia	Lee	Russell
Botetourt	Essex#	Lunenburg	Scott
Brunswick*	Floyd	Madison	Southampton
Buchanan	Fluvanna	Nottoway	Surry
Buckingham*	Franklin, City	Petersburg	Tazewell
Buena Vista	Galax	Powhatan*	Wythe
Charles City#	Goochland	Prince Edward	York
Charlotte	Grayson#	Prince George	
Craig	Greene	Radford, County	
State Accounts			
Accomack	Dickenson	Lancaster	Pulaski
Albemarle	Dinwiddie	Lee	Radford
Alexandria	Emporia	Lexington	Rappahannock
Alleghany	Essex	Loudoun	Richmond, County#
Amelia	Fairfax, County	Louisa	Richmond, City*
Amherst	Fairfax, City	Lunenburg	Roanoke, County
Appomattox	Falls Church	Lynchburg	Roanoke, City
Arlington	Fauquier	Madison	Rockbridge
Augusta	Floyd	Manassas Park	Rockingham
Bath	Fluvanna	Martinsville*	Russell
Bedford	Franklin, City	Mathews	Salem
Bland	Franklin, County	Mecklenburg	Scott
Botetourt	Frederick	Middlesex	Shenandoah
Bristol	Fredericksburg	Montgomery	Smyth
Brunswick	Giles	Nelson	Southampton
Buchanan	Gloucester	New Kent	Spotsylvania
Buckingham	Goochland	Newport News	Stafford
Buena Vista	Grayson	Norfolk	Staunton
Campbell	Greene	Northampton*	Suffolk
Caroline	Greensville	Northumberland	Surry
Carroll	Halifax*	Norton	Sussex
Charles City	Hampton	Nottoway	Tazewell

State Accounts (cont.)			
Charlotte	Hanover	Orange*	Virginia Beach
Charlottesville	Harrisonburg	Page	Warren
Chesapeake	Henrico	Patrick	Washington
Chesterfield	Henry	Petersburg*	Waynesboro*
Clarke	Highland	Pittsylvania	Westmoreland
Colonial Heights	Hopewell	Poquoson	Williamsburg
Covington	Isle of Wight	Portsmouth	Winchester
Craig	James City	Powhatan	Wise
Culpeper	King & Queen	Prince Edward	Wythe
Cumberland	King George	Prince George	York
Danville	King William	Prince William	
State Accounts – Turnover Audits			
Brunswick	Dickenson^	Orange^	Wythe^
Colonial Heights	King George^	Pittsylvania^	
Covington	Lynchburg#	Richmond, County^	
Danville#	Nottoway^	Surry^	
Magistrates			
Accomack	Dickenson	Lancaster*	Radford
Albemarle	Dinwiddie	Lee	Rappahannock
Alexandria	Emporia	Loudoun#	Richmond, City
Alleghany#	Essex*	Louisa	Richmond, County*
Amelia	Fairfax, County	Lunenburg	Roanoke, City
			Roanoke, County/
Amherst	Fauquier#	Lynchburg#	Salem
Appomattox	Floyd	Madison	Rockbridge
Arlington	Fluvanna	Martinsville	Rockingham
Augusta	Franklin, City	Mathews#	Russell
Bath	Franklin, County#	Mecklenburg	Scott
Bedford	Frederick	Middlesex#	Shenandoah
Bland	Fredericksburg*	Montgomery	Smyth
Botetourt	Galax	Nelson	Southampton
Bristol	Giles	New Kent#	Spotsylvania*
Brunswick	Gloucester#	Newport News	Stafford*#
Buchanan	Goochland	Norfolk	Staunton
Buckingham	Grayson	Northampton	Suffolk
Buena Vista	Greene	Northumberland*	Surry
Campbell	Greensville	Norton	Sussex
Carroll	Halifax	Nottoway	Tazewell
Charles City#	Hampton	Orange	Virginia Beach
Charlotte#	Hanover*	Page	Warren
Charlottesville	Henrico	Patrick	Washington

Magistrates (cont.)			
Chesapeake	Henry	Petersburg	Waynesboro
Chesterfield#	Highland	Pittsylvania	Westmoreland*
Clarke	Hopewell	Portsmouth	Williamsburg#
Colonial Heights#	Isle of Wight	Powhatan	Winchester
Craig	James City#	Prince Edward	Wise
Culpeper	King & Queen#	Prince George	Wythe
Cumberland	King George*	Prince William	
Danville	King William#	Pulaski	

APA Staff



Acquisitions and Contract Management

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Carl Fisher, Auditor

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Helen Henson, Associate Auditor

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Capital Asset Management

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Data Analysis

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Higher Education Programs

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David Duffy, Auditor

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Human Resources and Business Operations

Accounting

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Human Resources

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Haley Clark, Administrative Specialist

Procurement

Carnell Bagley, Manager
Denise Freeman, Senior Specialist

Report Processing

Alice Harrell, Specialist
Chardon Jones, Senior Specialist

Information Systems and Office Technology

Information Systems Security

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Alexander Roeglin, Senior Auditor
Danese Seabourne, Auditor
Robert Baldwin, Associate Auditor

Office Technology

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Robert Gibbons, IT Staff
Wendy Hudson, IT Staff
Keith Vollero, SharePoint Administrator

Information Technology Project Management

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Jeffrey Finke, Senior Auditor
Nicole Bennett, Auditor

Joanne Brothers, Auditor
Christian Langston, Auditor
Hannah Baker, Associate Auditor

Local Government and Judicial Systems

Local Government

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Judicial Systems

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Tracy Vaughan, Audit Team Leader
Delores Chamberlain, Senior Auditor

Bonnie Patterson, Senior Auditor
Leslie Pochkar, Senior Auditor
Katherine St. Lawrence, Senior Auditor
Brenda Watkins, Senior Auditor
Daniel Stanley, Auditor
Lindsey Tatum, Associate Auditor

Reporting and Standards

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Theresa Martin, Audit Supervisor
Holly Stout, Audit Supervisor
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Yulia Wachtel, Senior Auditor
Susan Bagato, Auditor

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Ryan Carter, Auditor
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Aaqila Wise, Associate Auditor

Strategic Risk Management

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